

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

JULY 27, 2001

IN RE:)	
)	
BELLSOUTH TELECOMMUNICATIONS, INC.)	DOCKET NO. 01-00128
TARIFF TO OFFER CONTRACT SERVICE)	
ARRANGEMENT (TN99-0533-00))	

**ORDER GRANTING APPROVAL OF BELLSOUTH
CONTRACT SERVICE ARRANGEMENT (TN99-0533-00)**

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on March 6, 2001 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN99-0533-00 ("CSA"). BellSouth filed Tariff No. 01-00128 on February 6, 2001, with a proposed effective date of March 8, 2001.

Based upon careful consideration of the tariff filing and the attachments thereto, the Authority made the following findings and conclusions:

1. The purpose of this CSA is to provide Frame Relay service to the customer identified in the filing. Frame Relay service utilizes a special network, separate from the public switched network, for providing customers with high-speed data transport between multiple locations.
2. The term of this CSA is thirty-seven (37) months.

3. Through this CSA, BellSouth is offering the customer a fifteen percent (15%) discount on recurring charges and a waiver of non-recurring charges.

4. In its February 6, 2001 cover letter included with the CSA filing, BellSouth stated:

The Addendum to this CSA includes appropriate language addressing the termination liability charges that would apply if the customer terminates this CSA early without cause. Therefore, the customer notice, as required by the Directors on September 12, 2000 in Docket 00-00720 (CSA MS99-8999-00), will not be necessary in this case.¹

On February 28, 2001, the Authority received a letter from BellSouth in which BellSouth recognized: “[T]he language in the Addendum is not identical to that contained in the customer notice Therefore, BellSouth is agreeable to providing the customer notice for this CSA as we have done with other CSAs.”²

5. BellSouth provided an addendum executed by the customer stating that the customer was aware of competitive alternatives available to it in Tennessee and that the customer and BellSouth have agreed on the termination provisions and that the termination charges represent a reasonable estimate of BellSouth’s damages in the event of termination.

6. BellSouth supplied cost data which indicates that the price of services offered under the CSA exceed their long-run incremental costs. This data indicates that BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).

¹ During the January 23, 2001 Authority Conference, it was established that where the termination liability limitation language appears in the CSA or addendum thereto, BellSouth is not required to provide additional notification to the customer upon approval of the CSA by the Authority. With its filing, BellSouth will provide information to the Authority regarding the existence of such language in the CSA or addendum thereto. *See* Transcript of Proceedings, Jan. 23, 2001, pp. 10-14 (Authority Conference). The addendum to this CSA defines the applicable termination charges as follows:

the lesser of (A) the sum of the repayment of discounts received during the previous 12 months of the service, the repayment of any waived or discounted non-recurring charges set forth in Notes Section of the Agreement, and the repayment of the pro-rated contract preparation charge set forth in Notes Section of the Agreement; or (B) six percent (6%) of the total Agreement amount.

² On April 4, 2001, BellSouth provided the Authority with a copy of the notification letter BellSouth sent to the customer.

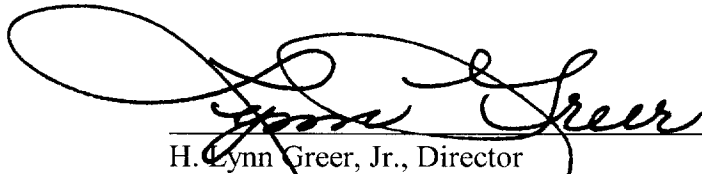
7. No parties sought to intervene in this docket.

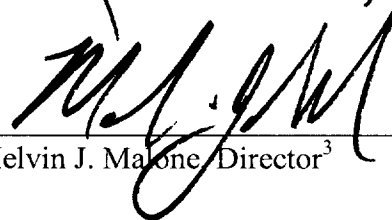
Based upon the foregoing, the Directors of the Authority unanimously determined that the CSA in this docket should be granted.

IT IS THEREFORE ORDERED THAT:


BellSouth Telecommunications, Inc.'s Tariff No. 01-00128, which seeks approval of Contract Service Arrangement No. TN99-0533-00 is hereby granted.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director³

ATTEST:


K. David Waddell, Executive Secretary

³Although he again expressed his concern with the Agency's long term delay in addressing and resolving the various legal and policy issues raised in BellSouth's CSA and tariff termination provisions, Director Malone moved for approval of the CSA, conditioned upon certain reasonable modifications to the termination provisions. This motion failed for lack of a second.